

Medicare Advantage Region 12 – Ohio

One of the most important provisions in the Medicare law was the establishment of enhanced health plans choices through the Medicare Advantage program. Beginning in 2006, the law provides for all beneficiaries to have access to regional preferred provider organizations (PPOs), which are the most popular health plans choices for younger Americans today. These plans are so popular because they combine lower out-of-pocket payments resulting from coordinated care while still allowing beneficiaries to seek care from the provider of their choice. Before the Medicare Modernization Act (MMA), PPOs were largely unavailable to people with Medicare, particularly beneficiaries in rural areas. The law directs Medicare to establish regions in which the PPO plans will operate, so as to provide the greatest access to high-quality PPO plans for beneficiaries who value choice and savings on their out-of-pocket medical costs. And under the law, an MA Regional plan must operate in all areas of the region.

Medicare Advantage Regions

As required under the MMA, we have established regions that will constitute service areas for regional Medicare Advantage plans beginning in 2006. In developing these Medicare Advantage regions our intent was to:

- Provide **all** Medicare beneficiaries the opportunity to enroll in a PPO, including those in rural areas;
- Provide beneficiaries with the greatest amount of choice by encouraging the largest number of insurers possible to participate;
- Create the greatest amount of price competition possible among insurers, resulting in more competitive prices and affordable costs for enrollees; and
- Give more beneficiaries the option to lower their out-of-pocket costs and obtain extra benefits that are not available under fee-for-service Medicare.

Approach to Establishing Regions

In establishing the regions, CMS conducted extensive research, with two rounds of public input and feedback from beneficiaries, plans, providers, and other interested parties. This research included consideration of the current participation of managed care plans – both commercial and local Medicare Advantage HMOs and PPOs – in a region, as well as many other factors including eligible population and plan capacity, patient flows, payment adequacy, presence of providers, and beneficiary considerations. The goal was to help ensure that all Medicare beneficiaries living in all areas have access to regional PPOs, especially those who live in underserved rural areas.

- Eligible Population. Region 12 has 1.8 million people eligible for Medicare, a population which is an adequate size to assure plan participation, but also well within the upper limit of 3 million to allow for plan start-up capacity in the first year.

- Potential Plan Entrants. Numerous potential plan entrants are currently available in the region overall. Currently at least 18 plans are operating overall in this region.
- Payments. In this region, the overall estimated average risk-adjusted payment is \$687. As a single state region, there is no state-to-state variation in average payments.
- Preserve Medicare patient flows. This region has minimal disruption to natural Medicare patient flows across state lines. It is important to note that as enrollees of Medicare PPOs, beneficiaries may access providers outside of the region in which they reside.